

<b>SUBJECT:</b>	<b>REGENERATION FUNDING AND PRIORITIES</b>
<b>MEETING:</b>	<b>CABINET</b>
<b>DATE:</b>	<b>7 JUNE 2023</b>
<b>DIVISION/WARDS AFFECTED:</b>	<b>ALL</b>

## **1 PURPOSE**

- 1.1 The Welsh Government's Transforming Towns programme and UK Government's Levelling Up Fund present opportunities to fund the delivery of strategic regeneration projects in Monmouthshire. However, the scale of Monmouthshire's ambition in terms of regeneration greatly exceeds the funding expected to be available in the short to medium term. There is therefore a need to prioritise projects against potential sources of funding.
- 1.2 The purpose of this report is to brief Cabinet on strategic regeneration projects in Monmouthshire and potential sources of funding for delivery, and to invite Cabinet to authorise the preparation of applications for Levelling Up Fund Round 3 funding to support regeneration projects in Caldicot, and for Transforming Towns funding for the delivery of proposals for public realm and active travel improvements in Monnow Street in Monmouth.

## **2 RECOMMENDATIONS:**

- 2.1 Cabinet is recommended to:
- 2.1.1 Authorise the Chief Officer, Communities and Place, to prepare and submit an application for Levelling Up Fund Round 3 funding to support the delivery of regeneration projects in Caldicot, in consultation with the Cabinet Member for Sustainable Communities and the Severnside Area Committee and subject to confirmation that funding is available.
- 2.1.2 Authorise officers to prepare and submit a bid for Transforming Towns funding for the delivery of proposals for public realm and active travel improvements in Monnow Street, Monmouth.

### **3 KEY ISSUES:**

- 3.1 A report on Regeneration Funding and Delivery was presented to Cabinet in July 2022. The report included a schedule of potential strategic regeneration projects across the county and provided information on potential sources of grant funding for delivery from the UK and Welsh Governments. The report recommended that a decision on prioritisation of strategic projects against potential funding should be deferred to allow alignment with the new Community and Corporate Plan, and so that it could be informed by the decision on MCC's bids to the UK Government's Levelling Up Fund Round 2 (LUF2). Cabinet agreed the report's recommendations.
- 3.2 The UK Government announced the results of LUF2 on 19 January 2023: unfortunately, none of the three bids submitted by MCC was successful. The Community and Corporate Plan was approved by Council on 20 April 2023. It is therefore now timely to revisit the prioritisation of strategic regeneration projects against potential funding sources, so that funding applications can be prepared and submitted.

#### **Funding for regeneration delivery**

- 3.3 The two key potential sources of grant funding for delivery of large regeneration projects in Monmouthshire are the UK Government's Levelling Up Fund and the Welsh Government's Transforming Towns programme.

#### **Levelling Up Fund**

- 3.4 The UK Government's Levelling Up Fund (LUF) offers funding for investment in infrastructure to support town centre and high street regeneration, local transport projects, and cultural and heritage assets. There have so far been two rounds of Levelling Up Fund awards: round 1, in which funding awards were announced in October 2021, and round 2, announced in January 2023.
- 3.5 In rounds 1 and 2, local authorities were able submit one bid for each Westminster constituency within their boundary, and one additional bid for transport projects. The maximum LUF funding available for each bid was £20m. Local match funding of 10% or higher was encouraged.
- 3.6 MCC submitted two bids to LUF1, for packages of regeneration projects in Caldicot and Monmouth. Unfortunately neither bid was successful. Cabinet agreed in March 2022 that both bids should be revised for resubmission in LUF2. A third bid, focusing on transport infrastructure in Chepstow, was also submitted to LUF2.
- 3.7 The projects which made up MCC's three LUF2 bids were as follows:

- Caldicot: refurbishment of Caldicot leisure centre to create wellbeing hub; acquisition and refurbishment of 7-43 Newport Road, with commercial and community uses on the ground floor and residential above; public realm improvements in the town centre.
  - Monmouth: enhanced museum and visitor facility at Shire Hall; start up business units and agile working space with future affordable housing development at Market Hall; and public realm improvements to Monnow Street and Blestium Street with a new café and public toilets.
  - Chepstow: creation of public transport hub (with access to rail, bus, taxi, EV charging, car parking, and bike storage) at the railway station; improved active travel routes.
- 3.8 Details of the costs of the three bids (based on summer 2022 costs estimates), as well as assumptions about match funding made at that time, are provided at Appendix 1. As noted above, none of the three bids was successful in LUF2.
- 3.9 The UK Government confirmed in January 2023 that there would be a third round of Levelling Up Fund. No further details have been made available since then. Nevertheless, officials at the Department for Levelling Up, Housing and Communities (DLUHC) have confirmed that LUF3 is still expected. It is understood that around £50m will be available for projects in Wales.
- 3.10 UK ministers are understood to be considering a number of variables for LUF3, including:
- Whether funding will be awarded competitively, as in the two previous rounds, or on an allocative basis.
  - Eligibility criteria for bidders and for projects, whether in a competitive or allocative process.
  - Options for delivery timescales: both previous rounds of LUF have required delivery to be complete by March 2025. LUF3 awards in summer/autumn 2023 or later would make completion of large projects by that deadline challenging.
  - Level of funding available for projects or packages of projects: in previous rounds, the maximum funding available for packages of projects was £20m. It is understood that although no decision has been made, the limit may be lower in LUF3.
- 3.11 There is not yet any clarity on timescales for LUF3, whether for applications or for proposals in an allocative process. However, both previous rounds have opened in spring, with summer deadlines for submission. It is assumed that this is likely to be replicated for round 3.
- 3.12 Although there is a high degree of uncertainty about the nature of LUF3, it is likely that, once announced, the timescales for submission of applications or

proposals and subsequently for delivery will be relatively short. It would therefore be advantageous to begin work towards a potential application or proposal as soon as possible, to allow the maximum time for development before an assumed summer deadline.

### **Transforming Towns funding**

- 3.13 Transforming Towns is the Welsh Government's key regeneration funding programme. It is focused on town centres. A prerequisite for funding is that a placemaking plan should be in place or in development.
- 3.14 The Welsh Government allocated £44m of Transforming Towns capital funding to South East Wales for 2022/23 to 2024/25. This includes funding for Placemaking Grant projects (projects with up to £250k Welsh Government funding) and 'strategic' projects (requiring more than £250k Welsh Government funding). In expectation that some projects to which funding is awarded will not come forward, the funding may be over-profiled by up to 30%. This means that the total amount of funding awarded for the three-year period may be up to £57m, although only £44m is available to be spent.
- 3.15 Transforming Towns funding requires at least 30% match funding from non-Welsh Government sources. Projects funded through the 2022/23 to 2024/25 Transforming Towns programme must be complete by March 2025.
- 3.16 Transforming Towns funding is awarded on a competitive basis. Nevertheless there appears to be an expectation that there will be a broadly even distribution of funding across the ten authorities in South East Wales. This has implications for the maximum amount of Transforming Towns grant likely to be available to any one local authority.
- 3.17 In summer 2022 local authorities were invited to submit proposals for packages of smaller 'Placemaking Grant' projects. MCC's proposed package was agreed as part of the Regeneration Funding and Delivery Cabinet report in July 2022. A grant offer of £1.1m was made to MCC in October 2022.
- 3.18 Applications for Transforming Towns strategic funding can be submitted at any time.
- 3.19 In line with Cabinet's decision in July 2022 to defer prioritisation of strategic regeneration projects against potential sources of regeneration funding pending a decision on LUF2 and to allow alignment with the new Community and Corporate Plan, MCC has not yet made any application for Transforming Towns funding for larger 'strategic' projects. Given the implementation deadline of March 2025, and the risk that bids from other authorities will lead to the exhaustion of all available Transforming Towns funding, any MCC bid for Transforming Towns funding for strategic regeneration should now be progressed.

## Prioritisation of strategic regeneration projects against funding opportunities

3.20 The July 2022 Regeneration Funding and Delivery report to Cabinet included a table of key strategic regeneration projects across the county. An updated version is provided below, with commentary on the status of each project. Cost estimates are the most recent available but will require updating to support any future funding application and should be considered indicative at this stage.

Project	Description	Cost estimate (if known)	Status
Cross Street, Abergavenny	Public realm enhancements to facilitate permanent part-time pedestrianisation (if taken forward)	£2,000,000	To be considered as part of Abergavenny placemaking plan.
Caldicot Leisure Centre	Refurbishment to create wellbeing hub	£11,398,832	Planning permission granted August 2022. SAB application not yet determined.
Newport Road, Caldicot	Public realm improvements to the pedestrianised area in town centre	£3,620,757	Detailed design now complete.
7-43 Newport Road, Caldicot	Acquisition and refurbishment of key town centre building	£9,552,865	Would benefit from further development required to progress project and support future funding applications.
Newport Road west, Caldicot	Active travel/public realm improvements to link between town centre and Caldicot station	£2,500,000	Following feedback from TfW, design now focused on first phase of improvement at edge of town centre.
Chepstow Transport Hub	Construction of a bus/rail interchange facility at Chepstow railway station.	£2,900,000	Funding for first phase of implementation sought through LTF.
High Street, Chepstow	Public realm changes if trial closure becomes permanent	No longer applicable	No longer applicable. Trial closure now removed following Cabinet decision in July 2022.
Former Barclays building, Chepstow	Scope TBC	Not known	Scope unclear. Understood that new tenant has agreed lease terms.

<b>Project</b>	<b>Description</b>	<b>Cost estimate (if known)</b>	<b>Status</b>
Monnow Street, Monmouth	Public realm/active travel improvements	£6,086,990	Concept design now complete. Subject of Cabinet report on 17 May for decision on whether or not to proceed, subject to funding.
Blestium Street, Monmouth	Creation of new riverside public space with café and toilets	£2,913,872	Concept design and consultation from 2014 requires updating.
Shire Hall, Monmouth	Refurbishment to create enhanced museum and visitor facility	£3,873,226	National Lottery Heritage Fund development grant awarded, April 2023.
Market Hall, Monmouth	Refurbishment to create start up business units and agile working space with future affordable housing development	£4,792,115	Requires further development to progress project and support future funding applications.
Bridge Street, Usk	Public realm improvements	Not known	Concept design to be commissioned summer 2023.
Twyn Square, Usk	Public realm improvements	Not known	Concept design to be commissioned summer 2023.
<b>Total (where known)</b>		<b>£49,638,657</b>	

3.21 Caldicot leisure centre, Chepstow transport hub, and Monmouth Shire Hall and Market Hall, which were not included in the list of strategic regeneration projects in the July 2022 Cabinet report, have been shown here for completeness given their inclusion in previous LUF bids.

3.22 The above list is not exhaustive. The Transforming Chepstow Masterplan includes a number of prioritised projects, although with the exception of the transport hub they are not likely to require the same level of funding as the projects identified above and so do not fall into the WG Transforming Towns strategic project category referred to here. It is also likely that the placemaking plans which will be developed for Abergavenny, Magor With Undy and Monmouth will identify further regeneration projects, some of which may qualify for this strategic funding (over £250k). Clearly given the scale of Monmouthshire's ambition in terms of regeneration, the costs of fulfilling this ambition, and the level of funding available, implementation of these projects will be a long-term programme.

3.23 Nevertheless, Transforming Towns and LUF3 offer an opportunity to deliver some of these projects over the next two years. As noted, there is a need in both cases to move relatively swiftly to prioritise projects against this potential funding and to develop bids.

- 3.24 As explained above, the current round of Transforming Towns funding requires projects to be completed by March 2025. It is assumed that the same deadline will apply for LUF3 funding. Relatively few of the strategic regeneration projects identified above are realistically deliverable within that timescale. Those still requiring funding and that could be delivered by that deadline are:
- Caldicot Leisure Centre
  - 7-43 Newport Road, Caldicot
  - Newport Road town centre public realm, Caldicot
  - Monnow Street public realm/active travel improvements, Monmouth
- 3.25 It is therefore recommended that these projects form the basis of bids to be developed for LUF3 and Transforming Towns funding.
- 3.26 Previous rounds of LUF have invited applications both for single projects and for packages of projects which “are aligned with each other and represent a coherent set of interventions”, up to the maximum in both cases of £20m. The maximum grant available through Transforming Towns funding in the current round is likely in practice to be significantly lower than that amount, given the level of funding allocated for South East Wales and the expectation that this will be shared to some degree across ten local authorities.
- 3.27 The Council has submitted multiple bids in both previous rounds of LUF, as noted above. However, for round 3, given the likelihood that not more than one bid would be successful and to ensure that any decision on the prioritisation of projects in Monmouthshire is made at a local level, it is recommended that a single LUF bid is submitted.
- 3.28 Of the three previously submitted LUF bids (for regeneration projects in Caldicot and Monmouth and for transport infrastructure in Chepstow), Caldicot is considered to offer the greatest potential for transformational change and alignment with Levelling Up objectives and in terms of demonstrating the need for intervention based on demographic and socioeconomic data as well expected population growth.
- 3.29 Given these factors, it is recommended that the three Caldicot projects (the Leisure Centre, 7-43 Newport Road, and the town centre public realm) should be developed as a potential bid or proposal for LUF3. Early discussions with the Severnside Area Committee indicate that there would be local support for this approach, with a potential strengthened emphasis in the bid on health and wellbeing as the key rationale and the “golden thread” linking the three projects, developing Caldicot as a dementia- and disabled-friendly town.
- 3.30 Proposals for the leisure centre refurbishment and for public realm improvements in the town centre are now well-developed and could move quickly to procurement and delivery when funding is secured. Further design development

and cost analysis will be undertaken for the proposals for acquisition and refurbishment 7-43 Newport Road to bring the proposal to the same level of readiness.

- 3.31 As more details emerge on LUF3 – including delivery timescales and the level of funding available for packages and for individual projects – it may be necessary to review and revise the scope of the proposed bid. To permit the swift decision making that is likely to be necessary to meet application or proposal deadlines, it is recommended that Cabinet authorises the Chief Officer, Communities and Place, to prioritise project proposals for a LUF3 application in accordance with bidding requirements, in consultation with the Cabinet Member for Sustainable Communities and the Severnside Area Committee.
- 3.32 Given that the three projects in Caldicot are recommended to be developed as a LUF3 bid, it is further recommended that an application for Transforming Towns funding should be prepared and submitted for the proposed public realm and active travel improvements to Monnow Street, Monmouth.
- 3.33 Detailed design of the Monnow Street proposal will be taken forward in the current year. It is expected that this would enable procurement of a contractor in Q4 2023/24 and implementation to begin early in 2024/25, if funding were secured for delivery.

#### **4 EQUALITY AND FUTURE GENERATIONS EVALUATION (INCLUDES SOCIAL JUSTICE, SAFEGUARDING AND CORPORATE PARENTING):**

- 4.1 An Integrated Impact Assessment (incorporating equalities, future generations, Welsh language and socio-economic duty) is attached at Appendix 2.
- 4.2 The main impacts of the proposal identified in this impact assessment are:
- Positive impacts on the protected characteristics of age, disability, and pregnancy/maternity arising from projects proposed for prioritisation.
  - Positive impacts in relation to socio-economic duty and social justice, relating to opportunities that would be created in economically thriving town centres.
  - Positive impacts on all the well-being goals.
  - The development of the proposal meets the sustainable development principles.
  - No impact on safeguarding or corporate parenting.

#### **5 OPTIONS APPRAISAL:**

- 5.1 The table below provides an options appraisal.



<b>Options</b>	<b>Benefits</b>	<b>Risks</b>	<b>Comments/mitigation</b>
Do nothing	<ul style="list-style-type: none"> <li>No demand on Council resources in terms of officer time or capital match funding</li> </ul>	<ul style="list-style-type: none"> <li>Strategic regeneration aspirations and associated outcomes would not be delivered in the short to medium term</li> </ul>	<ul style="list-style-type: none"> <li>Not recommended</li> </ul>
Seek funding from only one of LUF or Transforming Towns	<ul style="list-style-type: none"> <li>Reduced demand on Council resources in terms of officer time and capital match funding</li> </ul>	<ul style="list-style-type: none"> <li>Some demand on Council resources in terms of match funding</li> <li>Fewer strategic regeneration projects would be delivered in short to medium term, and therefore aspirations and outcomes not delivered.</li> </ul>	<ul style="list-style-type: none"> <li>Not recommended</li> </ul>
Prioritise projects other than those recommended here against the potential sources of funding	<ul style="list-style-type: none"> <li>May allow alternative projects to be delivered</li> </ul>	<ul style="list-style-type: none"> <li>Significant demand on Council resources in terms of match funding</li> <li>Projects recommended here would not be delivered in short to medium term</li> <li>Not clear that any alternative projects are deliverable with timescales</li> <li>Other projects may be lower priority and impact than recommended projects</li> </ul>	<ul style="list-style-type: none"> <li>Not recommended</li> </ul>
Prepare and submit bids for funding for prioritised projects as recommended in this report	<ul style="list-style-type: none"> <li>Prioritised projects would be delivered if funding bids successful</li> </ul>	<ul style="list-style-type: none"> <li>Significant demand on Council resources in terms of match funding</li> <li>Other strategic regeneration projects would not be delivered</li> </ul>	<ul style="list-style-type: none"> <li>Further development of other projects as recommended here would permit rapid delivery when other funding sources become available</li> </ul>

Options	Benefits	Risks	Comments/mitigation
		in short to medium term	

## 6 REASONS:

- 6.1 The Welsh Government's Transforming Towns programme and UK government's Levelling Up Fund present opportunities to fund the delivery of strategic regeneration projects in Monmouthshire. However, the scale of Monmouthshire's ambition in terms of regeneration greatly exceeds the funding expected to be available in the short to medium term.
- 6.2 There is therefore a need to prioritise projects against potential sources of funding. This report makes recommendations for that prioritisation.

## 7 RESOURCE IMPLICATIONS:

- 7.1 The development of bids for LUF3 and Transforming Towns, as recommended in this report, will be led by the Regeneration Team, with input from colleagues in other sections of the Council and using existing officer resources. The application process for previous rounds of LUF has been onerous and has required technical expertise in relation cost benefit analysis in line with UK Government Green Book processes, which has necessitated the procurement of external consultancy support. If the requirements for LUF3 are similar then further consultancy support is likely to be necessary. Although UK government awarded £125,000 to every local authority to support the costs of LUF bids, this funding has been exhausted in preparing bids for rounds 1 and 2. Further funding will therefore be required to support these costs.
- 7.2 The match funding implications of LUF3 and Transforming Towns bids are likely to be significant. All cost estimates will need updating, but as a guide the total estimated cost of the package of projects submitted as the Caldicot LUF2 bid in summer 2022 was £24,572,455. MCC's match funding commitment in that bid was £1,935,981, and MCC also underwrote assumptions about Welsh Government match funding to the value of £3,044,834.
- 7.3 Transforming Towns funding requires match funding of least 30%. The most recent cost estimate for Monnow Street is £6,070,690. The match funding requirement based on this cost estimate would be at least £1,821,207. It is likely that the Council would need to provide most of this match funding.
- 7.4 It is anticipated that the delivery of the projects recommended for prioritisation for LUF3 and Transforming Towns funding would be led and overseen by the Council's Regeneration team, working with other service areas as appropriate and using existing officer resources. Funding to support additional project

management resources where necessary will be sought as part of grant funding for the schemes.

## **8 CONSULTTEES:**

8.1 The following have been consulted

- Cabinet
- SLT
- Severnside Area Committee
- Communities and Place DMT
- Place Scrutiny Committee

8.2 Place Scrutiny Committee considered the report on 25 May 2023. They supported the report recommendations and made comments as follows:

- Members supported the proposed focus in the Caldicot LUF bid on health and wellbeing and developing Caldicot as a dementia- and disabled-friendly town and would welcome consideration of a changing space facility and improved disabled person parking.
- Members queried the resource and funding implications for MCC if the proposed funding applications were successful and sought reassurance that the Regeneration team would be able to deliver.
- Emphasised the need for disruption caused by the Monnow Street works to be minimised to support local businesses.
- The importance of regeneration in rural areas as well as towns in Monmouthshire.
- Requested that proposals for Blestium Street in Monmouth are pursued as well as Monnow Street public realm, and that improvements to lateral connectivity and permeability in Monmouth town centre are explored.

## **9 CONCLUSION**

9.1 Cabinet is invited to authorise the preparation of applications for Levelling Up Fund Round 3 funding to support regeneration projects in Caldicot, and for Transforming Towns funding for the delivery of proposals for public realm and active travel improvements in Monnow Street in Monmouth.

## **10 BACKGROUND PAPERS:**

10.1 Costs and match funding assumptions for the Council's LUF2 bids in summer 2022 are provided at Appendix 1.

- 10.2 The previous Cabinet approved the submission of LUF2 bids in March 2022. The report can be viewed [here](#).
- 10.3 The July 2022 Cabinet report on Regeneration Funding and Delivery is available [here](#).
- 10.4 The 17 May 2023 Cabinet report recommending adoption of the proposed scheme for Monnow Street is [here](#).
- 10.5 The LUF2 bids for Caldicot and Monmouth are available [here](#).

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**Appendix 1:** Monmouthshire LUF2 bids: costs and match funding assumptions

**Appendix 2:** Integrated Impact Assessment (incorporating equalities, future generations, Welsh language, and socio-economic duty)